

Message Text

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ACTION EA-14

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2604

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EO 11652: N/A

TAGS: CPRS, ID

SUBJECT: CLAIM OF P.T. BAUD AGAINST GOI

REFS: (A) STATE111635 (B) JAKARTA 4234 (C) STATE 64865

1. SULLIVAN ACCOMPANIED BY THOMAS W. ATKINSON, EXEC. V.P. SEA OIL AND GENERAL AND EXEC. V.P. P.T. BAUD HAVE PATIENTLY PURSUED RESOLUTION P.T. BAUD EXPROPRIATION CASE DURING THEIR JOINT STAY IN JAKARTA APRIL 8-MAY 11. ATKINSON HAS REMAINED IN JAKARTA. AMBASSADOR'S AND EMBASSY'S ROLE HAS BEEN ONE OF FACILITATION AND NOT RPT NOT ONE OF PARTICIPATION. AMBASSADOR HAS MET WITH SULLIVAN AND ATKINSON TWICE, COMMERCIAL COUNSELOR HAS MET WITH THEM SEVEN TIMES FOR PROGRESS REPORTS AND AMBASSADOR HAS ON TWO OCCASIONS RAISED MATTER WITH FONMIN MALIK FIRST PURSUANT TO REF C IN TERMS WHO ATKINSON SHOULD SEE AND SECONDLY ON APRIL 29 TO ASCERTAIN IF MALIK WISHED HEAR DIRECTLY FROM SULLIVAN ABOUT PROGRESS IN MATTER.

2. SULLIVAN AND ATKINSON MET THREE TIMES WITH GOI COMMITTEE CONCERNED WITH SETTLEMENT SUCH CLAIMS. THEY HAVE ALSO MET WITH VICE PRESIDENT AND FONMIN MALIK. ACCORDING SULLIVAN AND ATKINSON, OUR ONLY SOURCES SINCE
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EMBASSY DOES NOT RPT NOT WISH CONTACT GOI OFFICIALS FOR

FEAR IT MAY CONVEY IMPRESSION EMBASSY ENDORSES PARTICULARS OF CLAIM OR PROPOSED ALTERNATIVES, ONLY GOI DEPARTMENT OF AGRICULTURE REP ON COMMITTEE CONTINUES SEEK COMPENSATION IN FORM OF LAND. BAUD REPS BELIEVE THAT COMMITTEE DISPOSED CONSIDER COMPENSATION IN CASH PAYMENT BUT AMOUNTS OFFERED FAR FROM VALUE CLAIMED BY BAUD.

3. BAUD FINANCIAL CLAIM NOW RPT NOW TOTALS \$22.7 MILLION COMPUTED ON BASIS GOI VALUATION OF LANDS WHEN TAKEN OVER PLUS INTEREST COMPOUNDED ANNUALLY AT SIX PERCENT SINCE 1964. FIRST AND ONLY FINANCIAL COUNTER OFFER REPORTED TO EMBASSY THUS FAR BY SULLIVAN WAS \$450,000, THE COMPUTATION OF WHICH WAS TOTALLY INCOMPREHENSIBLE TO SULLIVAN AND ATKINSON. SULLIVAN HAS MADE OFFER TO INVEST HALF FINANCIAL COMPENSATION (ASSUMING PAYMENT IS SOMETHING CLOSE TO AMOUNT CLAIMED) IN METAL STAMPING PLANT TO GO FORWARD WITH PLANS TAKE OVER INOPERATIVE CHARCOAL PLANT (BASED ON COCOA HUSKS) IN SULAWESI AND CONSIDER INVESTMENTS IN KAOLIN, SULPHUR, IRON ORE AND FISHING PROJECTS ALSO IN SULAWESI. THESE OUTLINE PROPOSALS HAVE BEEN SUBMITTED IN WRITING TO DEPLU, COMPENSATION CLAIM COMMITTEE AND VICE PRESIDENT.

4. COMMENT: EMBASSY BELIEVES SULLIVAN'S RESTRAINED BUT INTENSE APPROACH HAS PROBABLY REMOVED THE TENSIONS CREATED BY HIS PREDECESSOR, GENERAL CHESARIK. FURTHERMORE, ATKINSON'S LONG ASSOCIATION WITH INDONESIA (HE CLAIMS TO HAVE BEEN EMPLOYED BY DEPLU FROM 1946 UNTIL 1968) AND CLAIMED FRIENDSHIP WITH A NUMBER OF SENIOR OFFICIALS INCLUDING MALIK AND VICE PRESIDENT HAS APPARENTLY ALSO HELPED. UNLESS OTHERWISE INSTRUCTED, EMBASSY DOES NOT RPT NOT INTEND CHANGE ITS ROLE. WE WILL CONTINUE TO LISTEN AND IF WE DEEM IT APPROPRIATE, MAKE APPOINTMENTS.

NEWSOM

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